

## Message Text

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44

ACTION NEA-16

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07 SS-20

STR-08 CEA-02 L-03 H-03 PA-04 PRS-01 USIA-15 ABF-01

FS-01 DRC-01 /187 W

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P R 191249Z SEP 74

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC PRIORITY 8264

INFO AMEMBASSY ANKARA

AMEMBASSY ISLAMABAD

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

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E.O. 11652: N/A

TAGS: EFIN, IR

SUBJ: IRANIAN RIAL CONVERTIBILITY

REF: A) TEHRAN 315; B) TEHRAN 1156; C) TEHRAN A-137

1. CENTRAL BANK OF IRAN (CBI) GOVERNOR YEGANEH ON SEPT. 18  
ANNOUNCED IRANIAN RIAL WILL BECOME "FULLY CONVERTIBLE" AND THAT  
NO RESTRICTIONS REMAIN ON TRANSFERRING CAPITAL ABROAD FROM  
IRAN EITHER THROUGH COMMERCIAL BANKS OR NON-COMMERCIAL MARKET.  
HOWEVER, OFFICIAL STATEMENT ISSUED BY CBI INDICATED GOI STILL  
IS NOT PREPARED TO MOVE IRANIAN CURRENCY TO FULL ARTICLE  
VIII STATUS UNDER INTERNATIONAL MONETARY FUND ARTICLES OF  
AGREEMENT.

2. ACCORDING TO MINISTRY OF ECONOMICS AND FINANCE UNDER

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SECRETARY KOOROS, FORMER CBI VICE GOVERNOR, FREE USE BY IMF

OF IRANIAN RIALS WAS URGED BY IMF MANAGING DIRECTOR WITTENVEEN DURING HIS VISIT TO TEHRAN IN FEBRUARY (REF B). KOOROS EXPRESSED HIS UNDERSTANDING IMF IS PLANNING TO USE CURRENCIES OF NUMBER OF OIL EXPORTING COUNTRIES IN ITS TRANSACTIONS, AND GOVERNOR YEGANEH'S ANNOUNCEMENT MEANS IRAN IS WILLING TO MAKE RIAL AVAILABLE. HOWEVER, IRAN STILL IS NOT OFFICIALLY ADHERING TO SECTIONS 2, 3, AND 4 OF ARTICLE VIII.

3. YEGANEH ALSO ANNOUNCED COMMERCIAL BANKS WILL BE ALLOWED TO EXPAND LENDING DURING IRANIAN YEAR 1353 (MARCH 21, 1974 - MARCH 20, 1975) 30 PERCENT ABOVE LEVEL LAST YEAR. IN ADDITION, RESTRICTIUNS ON BANKS OTHER THAN BANK MELLl DEALING IN GOLD AND SILVER TRANSACTIONS HAVE BEEN OFFICIALLY REMOVED (REF C). PRIVATE CITIZENS ALSO WILL BE FREE TO IMPORT OR EXPORT UP TO ONE KILOGRAM OF GOLD.

4. CBI DIRECTOR GENERAL OF INTERNATIONAL AFFAIRS DEPARTMENT SHIRAZI COMMENTED THAT DOLS700 MILLION MADE AVAILABLE TO IMF IN AUGUST FOR SPECIAL BORROWING ARRANGEMENTS IN CONNECTION WITH OIL IMPORTS FINANCING FACILITY MIGHT BE UTILIZED IN RIALS BY IMPORTING COUNTRIES RATHER THAN BEING CONVERTED INTO U.S. DOLLARS OR OTHER CURRENCIES. HE ADDED THAT ARTICLE VIII STATUS MAY COME LATER ON WHEN IRAN'S IMF QUOTA IS INCREASED.

5. COMMENT: MEASURES ANNOUNCED APPEAR TO BE MOSTLY COSMETIC. SINCE EARLY THIS YEAR (REF A), FEW RESTRICTIONS HAVE REMAINED ON CAPITAL MOVEMENTS. CREDIT EXPANSION SEEMS LIKELY TO AGGRAVATE ALREADY SERIOUS INFLATION, BUT BANKS FOR SOME WEEKS HAVE BEEN COMPLAINING OF LENDABLE FUND SHORTAGE. DEMANDS OF IRAN'S GROWING ECONOMY LEFT GOI LITTLE CHOICE OTHER THAN TO LOOSEN CREDIT SOMEWHAT.

HELMS

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
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